

**[ IC CIRCULAR LETTER NO. 22-96, December 16, 1996 ]**

**INVESTMENTS IN GOVERNMENT SECURITIES (GS) UNDER THE REGISTRY OF SCRIPTLESS SECURITIES (ROSS) OF THE BUREAU OF THE TREASURY (BTR)**

Ms. Caridad Valdehuesa, Treasurer of the Philippines announced in her letter dated November 15, 1996, that the Department of Finance, through the Bureau of the Treasury (BTr) has already started its operation of the Registry of Scriptless Securities (RoSS) system effective with the auction awards of GS on November 4 for issue on November 6, 1996. The operation of the RoSS was approved by the Secretary of Finance, the Governor of the Bangko Sentral ng Pilipinas (BSP) and the Monetary Board. All GS holdings of insurance companies, Mutual Benefit Associations (MBAs) and Security Fund Accounts, Life and Non-life, lodged with the Book Entry System (BES) of the BSP will continue to be serviced by the Government Securities Department (GSD) of the BSP until these are all integrated to RoSS on planned phases within one year from November 1996.

Pursuant thereto, the following requirements, rules and regulations are hereby promulgated.

**A**

**BTr and Client Securities Account with RoSS**

I. All GS floated/originated by the National Government under its scriptless policy may be acquired from Government Securities Eligible Dealer (GSED) with securities Principal Account in the RoSS operated and maintained by the BTr.

II. All insurance companies shall open individual Client Securities Account with RoSS, Bureau of the Treasury, certified xerox copies of which to be furnished the Insurance Commission (IC). The IC as administrator of the Security Fund shall also apply for inclusion in the RoSS.

III. Oath of Undertaking for Non-Government Securities Eligible Dealers (Non-GSEDs) and an Autodebit/Autocredit authorization shall likewise be accomplished and submitted to the BTr together with the application for Securities Account. A monthly fee of Ps1, 000.00 per Client Securities Account shall be collected by the BTr to defray systems maintenance cost of RoSS and administrative cost of generating reports.

IV. All GS acquired in compliance with Sections 191, 203, 281, 392 and 367 of the Insurance Code shall be classified as non-tradable and duly assigned with the IC in lieu of the Deed of Assignment previously required of insurance companies and MBAs. These securities shall be held and remain in the RoSS until maturity.

V. All GS acquired other than those in paragraph (IV) above shall be classified as tradable in the insurance companies Securities Account and segregated from their respective mandatory reserves.

## **B**

### **Clearing and Settlement Account**

I. Clearing of the GS will be the function of RoSS, while settlement of the trade shall be done by and between the company and its respective GSED/BSP

II. Company shall open a settlement account with its choice Bank which has an account with BSP for all its purchase of GS to be charged, as well as for crediting the corresponding proceeds of GS and coupon receipts due the said company.

III. Any amount representing coupons or redemption value of GS in the company's Client Securities Account shall be credited in the Bank's settlement account with the BSP which in turn will credit the account of the company in that Bank.

## **C**

### **Secondary Trading**

I. Company shall buy GS from a GSED

II. The GSED and the company shall deliver to the BTr on the date of transaction the following documents:

a) Confirmation of Outright Sale of GS (COS) — from seller

b). Confirmation of Purchase of GS (COP) — from buyer The company shall indicate in the lower left hand corner of the COP if GS acquired is a security deposit/statutory deposit.

III. The BTr, upon receipt of documents and verification of GSED/Seller's securities account balances, shall prepare and release to the buyers/seller's authorized representative the following documents:

a). Acknowledgment receipt of COS of GS from the GSED/Seller

b). Acknowledgment receipt of COP of GS from buyers (insurance companies, MBAs and Security Fund Accounts)

## **D**

### **Redemption Procedures:**

I. Upon maturity, the redemption shall be effected through automatic credit to insurance companies, MBAs, Security Fund Account's Settlement Account of designated Bank with the BSP.